

INFORMATION BULLETIN #72

SALES TAX

JUNE 2006

DISCLAIMER: Information Bulletins are intended to provide non-technical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either the Department or the taxpayer. Therefore the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Sales Tax Exemption for Recreational Vehicles and Cargo Trailers

REFERENCE: IC 6-2.5-5-39

I. INTRODUCTION

Senate Enrolled Act 106 of the 2006 session of the Indiana General Assembly provides that purchasers of recreational vehicles and cargo trailers are exempt from Indiana sales tax if the purchaser's state of registration offers similar treatment to Indiana purchasers of recreational vehicles and cargo trailers. Under previous law, out-of-state purchasers were entitled to a partial exemption which varied depending on the rate of sales tax in the state of registration.

II. DEFINITIONS

A recreational vehicle is defined as a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel trailer.

A cargo trailer is defined as a vehicle without motive power, designed for carrying property, designed to be drawn by a motor vehicle, and having a gross weight of at least two thousand two hundred (2,200) pounds.

III. EXEMPTION FROM THE SALES TAX

Effective July 1, 2006, sales of recreational vehicles and cargo trailers by Indiana dealers destined for out-of-state registration will be exempt from the Indiana sales tax if the state where the recreational vehicle or cargo trailer is going to be registered provides a similar exemption for an Indiana resident making a purchase in that state. This exemption also applies to states that do not impose a sales tax. Forty-two (42) states plus the District of Columbia listed below either provide a drive out exemption, reciprocity, or have no sales tax.

Alabama	Alaska	Arizona
Arkansas	Colorado	Connecticut
Delaware	Dist. Of Columbia	Georgia
Hawaii	Idaho	Illinois
Indiana	Iowa	Kansas
Kentucky*	Louisiana	Maryland
Minnesota	Missouri	Montana
Nebraska	Nevada	New Hampshire
New Jersey	New Mexico	New York
North Dakota	Ohio	Oklahoma
Oregon	Pennsylvania	Rhode Island*
South Dakota	Tennessee	Texas
Utah	Vermont	Virginia
Washington	West Virginia	Wisconsin
Wyoming		

*Only applies to recreational vehicles

IV. STATES WITH NO EXEMPTION

There are eight (8) states plus Canada and Mexico that do not provide an exemption for vehicles to be registered in Indiana. Because of this, purchases 1) made from Indiana dealers and 2) to be registered in one of the following will be required to pay Indiana sales tax at the time of purchase.

California	Florida	Maine
Massachusetts	Michigan	Mississippi
North Carolina	South Carolina	Canada and Mexico

V. PROOF OF EXEMPTION

A purchaser that is purchasing a recreational vehicle or cargo trailer in Indiana to be registered in another state must complete an affidavit of exemption (Form ST137RV) when they purchase the recreational vehicle or cargo trailer. The purchaser certifies under penalty of perjury that he is not an Indiana resident and will remove the recreational vehicle or cargo trailer within thirty (30) days to be registered in one of the states listed in the exemption from sales tax category.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style with a large, looping initial "J". To the right of the signature is a vertical red line.

John Eckart
Commissioner